

Message Text

LIMITED OFFICIAL USE

PAGE 01 STATE 160372

62

ORIGIN EB-11

INFO OCT-01 AF-10 ARA-16 ISO-00 L-03 OMB-01 COME-00 TRSE-00

CIAE-00 INR-11 NSAE-00 RSC-01 CIEP-03 SS-20 SP-03

NSC-07 FTC-01 PRS-01 /089 R

DRAFTED BY EB/ISM:DFMEYERS; ARA/CAR:KROGERS, CNORTON:JAG

APPROVED BY EB/ISM:MJDUX

EB/IFD/OIA:WCOURTNEY

L/EB:SBOND

AF/E:TJBURKE

----- 106816

R 241646Z JUL 74

FM SECSTATE WASHDC

TO AMEMBASSY LUSAKA

INFO AMEMBASSY KINGSTON

LIMITED OFFICIAL USE STATE 160372

E.O. 11652: N/A

TAGS:EMIN, EIND, JA

SUBJECT: JAMAICA - US ALUMINUM COMPANIES DISPUTE

REF: LUSAKA 1406

1. NEGOTIATIONS BETWEEN 5 US ALUMINUM COMPANIES AND JAMAICAN GOVERNMENT ARE EXTREMELY COMPLEX AND UNPUBLISHED DETAILS (ONLY SOME OF WHICH WE HAVE) CANNOT BE RELEASED TO OUTSIDE PARTIES. PHASE ONE OF NEGOTIATIONS HAS FOCUSED ON INCREASED REVENUE FROM THE BAUXITE INDUSTRY. THE GOJ DEMANDS, WHICH HAVE NOW BEEN IMPLEMENTED BY LAW, REPRESENT ABOUT A SEVENFOLD INCREASE IN TAXES AND ROYALTY PAYMENTS LEVIED ON COMPANIES. U.S. COMPANIES CONSIDER NEW ASSESSMENT TO BE EXCESSIVE AND THE UNILATERAL IMPOSITION OF THESE LEVIES A VIOLATION OF EXISTING CONTRACTS.

2. THE ORIGINAL CONTRACTS OF ALCOA, KAISER, AND REYNOLDS

LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

PAGE 02 STATE 160372

WITH GOJ, CONTAIN CLAUSES WHICH PROVIDE FOR THE SUBMISSION

OF INVESTMENT DISPUTES TO THE WORLD BANK'S INTERNATIONAL CENTER FOR THE SETTLEMENT OF INVESTMENT DISPUTES (ICSID). THE JAMAICAN GOVERNMENT, HOWEVER, HAS INFORMED THE ICSID THAT DISPUTES INVOLVING ITS MINERAL RESOURCES (READ BAUXITE) WERE "WITHDRAWN" FROM ICSID JURISDICTION.

3. IN JUNE 1974 THE GOJ ENACTED LEGISLATION PROVIDING NEW TAX AND ROYALTY LEVELS. THE COMPANIES PAID JUNE 22, 1974 LEVIES UNDER PROTEST AND REQUESTED ICSID ARBITRATION. IN LIGHT OF QUESTIONABLE LEGALITY OF GOJ'S ACTION "REMOVING" DISPUTES INVOLVING RESOURCES FROM ICSID JURISDICTION, IT IS DIFFICULT TO FORECAST POSSIBLE OUTCOME OF COMPANIES' APPEAL TO ICSID. AS ICSID ASPECT OF SITUATION IS STILL IN FLUX AND GOJ MAY IN FACT APPEAR BEFORE ICSID, OUTSIDE PARTIES SHOULD ONLY BE INFORMED THAT DISPUTE HAS BEEN SUBMITTED TO ICSID IN ACCORDANCE WITH CONTRACT CLAUSES AND THAT IT IS FAR TOO EARLY IN PROCEEDINGS TO FORECAST POSSIBLE OUTCOME.

4. DEPT BELIEVES LOCAL COMPANY OFFICIALS IN ZAMBIA SHOULD TRY TO OBTAIN ANY FURTHER INFORMATION FROM NEW YORK OFFICES, AMAX OR PARENT OFFICE OF ANGLO. 241633Z JUL

LIMITED OFFICIAL USE

NNN

Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: DISPUTES, ALUMINUM, BAUXITE, BUSINESS FIRMS, FOREIGN INVESTMENTS
Control Number: n/a
Copy: SINGLE
Draft Date: 24 JUL 1974
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: kelleyw0
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1974STATE160372
Document Source: CORE
Document Unique ID: 00
Drafter: DFMEYERS; ARA/CAR:KROGERS, CNORTON:JAG
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Film Number: D740200-1096
From: STATE
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1974/newtext/t19740721/aaaaarov.tel
Line Count: 83
Locator: TEXT ON-LINE, ON MICROFILM
Office: ORIGIN EB
Original Classification: LIMITED OFFICIAL USE
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 2
Previous Channel Indicators: n/a
Previous Classification: LIMITED OFFICIAL USE
Previous Handling Restrictions: n/a
Reference: LUSAKA 1406
Review Action: RELEASED, APPROVED
Review Authority: kelleyw0
Review Comment: n/a
Review Content Flags:
Review Date: 04 SEP 2002
Review Event:
Review Exemptions: n/a
Review History: RELEASED <04 SEP 2002 by elyme>; APPROVED <20 FEB 2003 by kelleyw0>
Review Markings:

Declassified/Released
US Department of State
EO Systematic Review
30 JUN 2005

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: JAMAICA - US ALUMINUM COMPANIES DISPUTE
TAGS: EMIN, EIND, JA
To: LUSAKA
Type: TE
Markings: Declassified/Released US Department of State EO Systematic Review 30 JUN 2005